



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-3873  
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE  
AUDITOR-CONTROLLER

MARIA M. OMS  
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS  
JOHN NAIMO  
JUDI E. THOMAS

September 22, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **OCEAN PARK COMMUNITY CENTER CONTRACT REVIEW – A  
DEPARTMENT OF MENTAL HEALTH SERVICE PROVIDER**

We completed a fiscal review of Ocean Park Community Center (OPCC or Agency), a Department of Mental Health (DMH) service provider.

**Background**

DMH contracts with OPCC, a private non-profit community-based organization that provides services to clients in Service Planning Area 5. Services include interviewing program clients, assessing their mental health needs and developing and implementing a treatment plan. The Agency's headquarters is located in the Third District.

DMH paid OPCC on a cost reimbursement basis between \$1.14 and \$1.46 per minute of staff time (\$68.40 to \$87.60 per hour) for services. OPCC's contract was for approximately \$210,000 for Fiscal Year (FY) 2007-08 and \$208,000 for FY 2008-09.

**Purpose/Methodology**

The purpose of our review was to determine whether OPCC complied with its contract terms and appropriately accounted for and spent DMH program funds providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed Agency staff.

### **Results of Review**

Generally, OPCC maintained sufficient internal controls over its business operations. However, OPCC charged DMH \$1,250 for inadequately supported consultant fees. Specifically, the Agency did not provide documentation to support the names of DMH clients who received services from two consultants. The consultants provided services to DMH and non-DMH clients. In addition, OPCC did not have a written agreement with one consultant as required by the County contract.

The details of our review along with recommendations for corrective action are attached.

### **Review of Report**

We discussed the results of our review with OPCC and DMH. In the attached response, the Agency concurred with our findings and recommendations and agreed to reduce their expenditures on their FY 2007-08 Cost Report.

We thank OPCC management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer  
Dr. Marvin J. Southard, Director, Department of Mental Health  
Colette Brooks, Chair, Board of Directors, Ocean Park Community Center  
John Maceri, Executive Director, Ocean Park Community Center  
Public Information Office  
Audit Committee

**DEPARTMENT OF MENTAL HEALTH  
OCEAN PARK COMMUNITY CENTER  
FISCAL YEARS 2007-08 AND 2008-09**

**CASH/REVENUE**

**Objective**

Determine whether cash receipts and revenue were properly recorded in the Ocean Park Community Center's (OPCC or Agency) financial records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash and other liquid assets.

**Verification**

We interviewed OPCC management and reviewed the Agency's financial records. We also reviewed the Agency's bank reconciliation for October 2008.

**Results**

OPCC maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

**Recommendation**

None.

**COST ALLOCATION PLAN**

**Objective**

Determine whether OPCC's Cost Allocation Plan is prepared in compliance with the County contract and the Agency used the Plan to allocate appropriately shared program expenditures.

**Verification**

We reviewed the Agency's Cost Allocation Plan, interviewed management and reviewed their financial records.

**Results**

OPCC's Cost Allocation Plan was prepared in compliance with the County contract and the costs were appropriately allocated.

**Recommendation**

None.

**EXPENDITURES****Objective**

Determine whether program expenditures were allowable under their County contract, properly documented and accurately charged to the Department of Mental Health (DMH) program.

**Verification**

We reviewed financial records and documentation to support five non-payroll expenditure transactions totaling \$8,339 charged to the DMH program between July 2007 and October 2008.

**Results**

Generally, OPCC's expenditures were properly documented and accurately billed. However, OPCC charged DMH \$1,250 for inadequately supported consultant fees during Fiscal Year (FY) 2007-08. Specifically, the Agency did not provide documentation to support the names of the DMH clients who received services from two consultants. The consultants worked with DMH and non-DMH clients. In addition, OPCC did not have a written agreement with one consultant. The County contract requires agencies to support consultant costs with a contract and other supporting documentation detailing the nature of services provided.

During the contract year, DMH pays OPCC based on negotiated rates for their services. At the end of the contract year, if the Agency's revenues exceed the actual expenditures on their Cost Report, excess funds are subject to partial recovery by the County in accordance with the County contract.

**Recommendations****OPCC management:**

1. **Provide supporting documentation for the \$1,250 in unsupported costs or reduce their FY 2007-08 Cost Report.**
2. **Ensure that program expenditures are supported by adequate documentation.**

**FIXED ASSETS****Objective**

Determine whether fixed assets depreciation costs charged to DMH were allowable under the County contract, properly documented and accurately billed.

We did not perform test work in this area as OPCC did not charge DMH fixed asset depreciation costs during FYs 2007-08 and 2008-09.

**Recommendation**

None.

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll expenditures were appropriately charged to the DMH program. In addition, determine whether personnel files are maintained as required.

**Verification**

We traced the payroll expenditures for six employees totaling \$4,523 to the payroll records and time reports for the pay period ending October 4, 2008. We also interviewed five employees and reviewed personnel files for the six employees.

**Results**

OPCC appropriately charged payroll expenditures to DMH. In addition, personnel files were maintained as required.

**Recommendation**

None.

**COST REPORT****Objective**

Determine whether OPCC's FY 2007-08 Cost Report reconciled to the Agency's financial records.

**Verification**

We traced the Agency's FY 2007-08 Cost Report to the Agency's general ledger.

**Results**

The Agency's total expenditures listed on their Cost Report reconciled to the Agency's accounting records.

**Recommendation**

**None.**



August 13, 2009

Empowering people to rebuild their lives

Access Center  
Campion Mental Health Center  
Daybreak Day Center  
& Shelter  
k9 connection  
Night Light Youth  
Outreach Services  
Safe Haven  
SAMOSHEL  
SHWASHLOCK  
Sojourn Services  
For Battered Women  
And Their Children  
Turning Point  
Transitional Housing

Board of Directors  
Colette Brooks  
Chair  
Richard T. Peters, Esq.  
Vice Chair  
Bart Zifnitsky  
Secretary  
Sarah Jessup, CPA  
Treasurer

Rae W. Archibald  
Donald J. Burkholder  
Francesca D'Alessandro  
Greg Germann  
Seth Gold, Esq.  
Leslye Goldberg  
Stephen Gunther  
Richard G. Hirsch, Esq.  
Lindsay Hirsch-Bale  
Steven K. Jones  
Darlene Lasher  
Maynard Ostrow  
Gary A. Richwald, MD, MPH  
Charles F. Smith  
LaTisha D. Starbuck, RN, MSHA, FACHE

Honorary Member  
Sheila James Kuehl, Esq.  
California State Senator

Wendy L. Watanabe, Auditor-Controller  
County of Los Angeles  
500 West Temple Street, Room 525  
Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Re: OPCC Management Response- Draft Report for DMH review of FY 08-09

Dear Wendy L. Watanabe,

In response to the draft report for DMH review of the Fiscal Year 2008-09 where the area of Expenditures had two recommendations, Ocean Park Community Center management has prepared corrective actions addressing each recommendation.

1. Provide supporting documentation for the \$1,250 in unsupported costs or reduce their FY 2007-08 Cost Report.
2. Ensure that program expenditures are supported by adequate documentation.

As noted in the Draft Report, we did not have adequate documentation on the DMH IS system to support the DMH client names for services provided. This information has not been recovered otherwise, so we have no choice but to reduce our 2007-08 cost report.

OPCC has implemented a new scheduling log book to document client names receiving services from the consulting psychiatrist in addition to the provision of units of service log sheets to be completed, which document billable hours, and will be kept for up to seven years. Backup documentation for Daybreak's consultant psychiatrist, as described by the AC Handbook for consulting services, will be maintained.

In order for OPCC to ensure 100% future compliance and full knowledge of all requirements in this area, OPCC management will work with DMH in developing an agreement using agency-specific contract language regarding additional contracting requirements needed for use with its consultant psychiatrist. Additionally, a new sub-contract will be executed with the consulting psychiatrist who will cover for Dr. Watkin during her maternity leave.

If you have any questions, please do not hesitate to contact me.

Sincerely,

John Maceri  
Executive Director

1453 16th Street, Santa Monica, CA 90404 310-264-6646 phone 310-264-6647 fax www.opcc.org  
Formerly Ocean Park Community Center